


Value Through Verification

USDA NATIONAL ORGANIC PROGRAM



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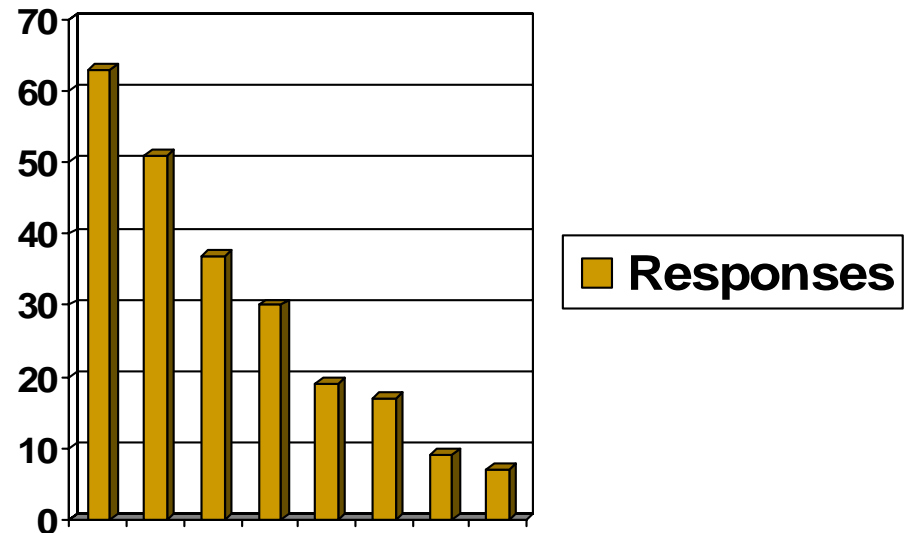
Why National Organic Standards?

- Consumers wanted a more transparent and responsive supply chain.
 - Concerns about the environment
 - Certain food attributes
- Producers wanted a bigger slice of the economic pie.
- Standards would bring:
 - Uniformity among organic standards;
 - Reciprocity among certifying agents; and
 - Assurance of organic integrity

Market Drivers

- Prefer to have fewer chemicals in food – 63%
- Better for me/my family – 51%
- Better for the environment – 37%
- Prefer the taste of organic – 30%
- Looked better than the non-organic – 19%
- Item was on sale – 17%
- First time buyer and wanted to try it – 9%
- Only choice available – 7%

* 17% of 1,200 or 204 respondents – The Packer's Fresh Trends 2002 report – Vance Publishing Co.



Road to the National Organic Standards



- **1990** Organic Foods Production Act
- **1993** USDA names National Organic Standards Board
- **1997** USDA publishes first proposal
- **03/00** USDA publishes second proposal
- **12/00** USDA publishes final regulation
- **04/02** Accreditations and certifications begin
- **10/02** Full implementation

Organic: Fact & Fiction

- Organic is a production claim.
 - ❑ Organic is about how food is produced and handled.
- Organic is not a content claim.
 - ❑ It does not represent that a product is “free” of something.
- Organic is not a food safety claim.
 - ❑ Organic is not a judgment about the quality and safety of any product.
 - ❑ Organic does not mean a product is superior, safer, or more healthful than conventionally produced food.

Organic Industry Stats

- Fastest growing U.S. food segment (20% annually)
- 2002 sales approximately \$9 billion
- Accounts for 1-2% total U.S. food sales
- U.S. market projected at \$30.7 billion by 2007
- Certified cropland in 2001: 2.35 million acres
- Organic products sold in 73% of mainstream supermarkets

Percentages of Organic Sales for 2002

- Fresh fruits and vegetables: 43%
- Bread and grains: 13%
- Packaged and prepared foods: 11%
- Dairy products: 11%
- Beverages: 11%
- Soy products: 7%
- Snack foods: 3%
- Meat and poultry: 3%

USDA's Role

- Accredit certifying agents
- Compliance and enforcement
- Promulgate new and amended regulations
- Recognize foreign governments
- Perform equivalence determinations
- Approve State organic programs



Accreditation



The first line in ensuring compliance and credibility

Based on ISO Guidelines

- ISO Guide 65: requirements for bodies operating product certification systems.
- ISO 10011: auditing
- ISO 17020: inspection bodies
- Work with AMS ARC Branch



Accreditation Status

As of April 2004:

- 131 total applicants
- 92 accredited certifying agents
 - 54 domestic
 - 38 foreign
- 12 applicants under auditor review
- 28 applicants from whom we need additional information



Certification



Certification Basics

- Organic systems plan
 - ❑ Crops: build soil fertility, use few synthetics, minimize pollution
 - ❑ Livestock: origin, feed, healthcare, living conditions
 - ❑ Handling/processing: pest management, prevent commingling
- Use only approved substances/practices
 - ❑ No genetic engineering, irradiation, sewage sludge
 - ❑ National List: all naturals allowed & all synthetics prohibited except for what's on the NL
- Mandatory verification through inspections
 - ❑ Initial site inspection
 - ❑ Annual site inspection
 - ❑ As many as needed to determine compliance

National Organic Standards



Crop Production

- No prohibited substances for 3 years prior to harvest
- Establish buffer zones
- Maintain or improve soil condition
- Minimize soil erosion
- Rotations, cover crops, and application of plant and animal material
- No contribution to environmental contamination through application of plant and animal material

Livestock Production

- Origin of livestock
 - ❑ Organic management from last third of gestation (poultry 2d day of life)
 - ❑ 100% organic feed
 - ❑ Synthetic vitamins and trace minerals allowed
- Prohibited substances
 - ❑ No synthetic hormones or growth promoters
 - ❑ No antibiotics
- Animal health and safety
 - ❑ Accommodate the health and natural behavior of the animal

Labeling



Three Organic Labeling Categories

- **“100% Organic”** *(may use USDA seal)
 - ❑ Just that, including all processing aids
 - ❑ May use USDA seal

- **“Organic”** *(may use USDA seal)
 - ❑ At least 95% organic agricultural ingredients
 - ❑ Remaining 5% on the National List
 - ❑ May use USDA seal

- **“Made with Organic (Ingredients)”**
 - ❑ From 95% to 70% organic agricultural ingredients

Compliance and Enforcement

- NOP works with AMS Compliance Staff.
- Anyone can report a violation.
- NOP needs:
 - To know who, what, when, where; and
 - Documentation, when available.
- For complaints against certified operations, refer to certifying agent.
- For complaints against certifying agents, USDA or SOP will investigate.

Retailers

- No certification required (but may be certified)
- Exempt or excluded
- Responsible for maintaining organic integrity
 - ❑ Prevent commingling
 - ❑ Ensure proper labeling
 - ❑ Keep records
 - ❑ Use proper facility pest management practices



**Importing Organic
Products into the
United States**

Recognition Determinations

Applying the NOP Standards in Foreign Countries

■ Completed requests

- ❑ United Kingdom
- ❑ New Zealand
- ❑ Quebec
- ❑ Denmark

■ Pending Requests

- ❑ Israel
- ❑ Spain
- ❑ Canada

Equivalence Requests

- European Union
 - Completed technical discussions
- Japan
 - Discussion of next steps
- Australia
- New Zealand
- India
- Costa Rica

Workplans for FY 2004

Three focused areas

- ❑ Certifying agent training
- ❑ Materials review process (Sunset)
- ❑ Trade issues

Other USDA Organic Activities

- AMS
 - FV Market News
 - MSB consumer survey
- USDA Alternative Farming Systems Information Center
- ARS: research with organic producers & Organic Farming Research Foundation
- CSREES: SARE
- ERS: stats on certified acreage--livestock & crops
- FAS: export programs & services
- NASS: 2002 Census has organic questions—1st time
- RMA: crop insurance